

CORPORATE SOCIAL RESPONSIBILITY AND ETHICAL DIALOGUE

by Geoffrey Klempner

**You could have been more_
Than a name on the door_
On the thirty-third floor in the air_
More than a credit card_
Swimming pool in the back yard**

Joni Mitchell 'The Arrangement'

Joni Mitchell's words paint a bleak picture of modern business life and its corrosive effect on personal relationships. The song is from a 1970 album, and reflects what some would call the 'hippie' view of the business world. That view has not gone away. The momentous events of the 60's have left us all with a bad conscience.

I have no doubt that the business world has its victims, and amongst these are many who 'succeed' in material terms as well as those who 'fail'. That much is true.

But I think we can be more. We are more. I don't just mean that we can be human beings when we come home from work. That is just part of the popular perception, or misperception — amongst those on the outside looking in — of business as an activity of money grabbing and its only motive profit.

I have a different vision. I see business people as the gladiators of the modern world. We are the gladiators of the *business arena*. We compete for a wide variety of motives, not just profit or material gain.

And what about me?

I have been running my philosophy business Pathways to Philosophy for nearly ten years now. Selling philosophy comes somewhere in between taking coals to Newcastle and exporting ice cream to Eskimos in the list of promising business activities. But I love my product and want to make other people love it as much as I do. That is not such an uncommon motive as some might think. — But more of that later.

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I'm going to be talking about two concepts, two ideas. Just remember they are just words. What matters is what the words are meant to refer to, the reality which they represent — or not, as the case may be. The concepts are *corporate social responsibility* (or CSR) and *ethical dialogue*.

Ethical dialogue is my term, or, rather, a term I have appropriated, for a particular way of approaching moral philosophy. My view of ethics is strongly *objective* in this sense: as a matter of metaphysical necessity, the other is *real*. I am not the centre of my solitary universe. (You might ask why I would bother talking to you if I were, but actually it is perfectly possible to be a solipsist and talk about your philosophy to a room full of solipsists.)

The other is *real* but the only way I can show recognition of this is in my actions, by my willingness to see and judge things from the other's point of view. This means letting our dialogue together — or the dialogue we ideally could enjoy together — decide what is *to be done*.

The other is *real*, because otherwise there is no such thing for me as *truth*. The world of the solipsist is a world without truth. Or, rather, it is not a world at all but merely an insubstantial dream. — That's not a knock-down argument. You can't force someone out of a solipsist position, you can only raise the stakes sufficiently high to make solipsism a pretty unattractive option.

What the ethics of dialogue rejects — and this is where it departs from other moral theories — is the idea that being moral or taking an ethical standpoint involves attempting to see things from a purely disinterested perspective, where my personal commitments, interests, relationships are ruthlessly discounted; where I see myself as just one individual — one 'claim' — amongst the multitude.

Rejecting the disinterested perspective, I no longer need to be concerned to maximise happiness or 'utility'. Still less is it my concern to live by principles of conduct which are necessarily valid for every rational being.

This is a very demanding view of ethics because you have to approach every situation as if it was the first time you ever had to make a moral judgement. You can't take anything for granted. And however much you do, however much you think and deliberate, you are always aware that you could have thought and done more.

I am not saying that this is the only possible approach to ethics. There may be others that we could talk about. It is sufficient for what I want to say here that the ethics of dialogue as I have described it *cannot be applied in the business arena*. That seems a highly paradoxical claim: I am bound by the ethics of dialogue, yet not bound, or bound in certain relationships but not in others. How can that be possible?

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In ethical dialogue we work together towards a goal that we can agree on, a fair and reasonable adjustment of our conflicting claims. In the business arena, by contrast, we meet as potential *competitors*. Someone must win and someone must lose. That doesn't mean you can't be magnanimous and lend a helping hand to your bruised and battered opponent. But at the end of the day, his loss is his loss. You don't owe him an apology for wiping him out.

Not long after I published my article, [The Business Arena](#) (2004) I came across an anonymous article in Wikipedia on the philosophy of business which compared my account of the business as a game to a notorious 1968 article by Albert Carr in the *Harvard Business Review*. Carr argued that in business, as in poker, bluffing is an integral part of the game, and consequently *any* action which doesn't break the law is compatible with business 'ethics' so-called.

The game that Carr describes is not the business arena as I recognise it. It is altogether harsher, meaner. But there are meaner games still. Carr distinguishes between the poker player's bluff, which is an integral part of the game, and keeping an ace up your sleeve, which is the equivalent of breaking the law. But there is another card game

called Belotte, where the skill lies in cheating more cleverly than your opponent. Here is a colourful description from David Faber, an English professor who is also one of my Pathways students:

Belotte... is also very popular in Marseilles, I'm told — a sort of street-theatre. Wizened old life-long cheats commonly seen expostulating, scandalised at their opponents' cheating, standing up as if they're about to walk away in disgust, and even starting to walk away, having carefully laid their cards face-down on the table (they know they'll be back), and probably having taken the opportunity to drop one on the ground, so that when the round comes to an end they'll be found to have been dealt one card short, and there'll have to be a re-deal. Appalling to your average Englishman.

A case can be made that the practice of not a few corporations and businesses is closer to belotte than poker. The rule is not, 'Do anything within the letter of the law,' but rather, 'Break the law whenever you can get away with it, or whenever the consequences of getting caught are sufficiently minor as to be outweighed by the benefits obtained from your misdemeanour.'

In football, the latter is known as a 'professional foul'. As fast as football governing bodies — or government committees — patch up the rules to make it harder to gain any advantage from a professional foul, new forms of professional foul appear which aren't covered by the rules.

So much for the worst examples of business practice. But if your game is not poker or belotte, then what other games are there?

Why go into business at all? That's the first question we have to ask. Nietzsche spoke of the *will to power*. Whatever you think of this as a universal theory of human motivation, it seems particularly apt in the business arena. Power can be influence over people, to be admired, respected — or feared. It can mean the ability to bring about change in the world, to put your individual stamp on things. It can simply mean to enjoy the increase in one's own capacities, to be a better negotiator or trader or manager. There are the workaholics who are forever 'overcoming themselves', who practice self-denial or even asceticism for the sake of the goal they have set. Then there are those who identify with the products of their work, who compete to win awards for 'best computer' or 'best hi-fi'.

Aston Martin produce cars of legendary quality, each hand beaten into shape. I read somewhere that the entire production run of Aston Martins since the founding of the company is equivalent to less than one day's production in Detroit. But Aston Martins are superbly designed cars. Think of how many more you could sell if you made a production line. The only explanation can be that the directors don't want more money. Pride in their unique product is more important.

Business is a team game, and loyalty one of its supreme virtues. Consider the case of the Director of a small firm who allows his company to go to the brink rather than make staff redundant. Why? It doesn't make any sense in sheer money terms. This isn't melting compassion, but once again the will to power. The leader exercises the virtue of leadership, demonstrates his power, by taking responsibility for what happens to each and every one of his employees. The reward, in many cases, can be fierce staff loyalty. But that wasn't the motive for risking bankruptcy.

Like the gladiators of old, the business men and women of today take pride in their prowess. They watch each other closely, read about one another's achievements with admiration or jealousy. — You can see the evidence for yourself, in any business newspaper or magazine.

By all means take these examples with a pinch of salt. You have to apply them to your own experience, and every experience is unique. All I am seeking to do is remove the ideological blind spot which insists on painting everything in the same shade of black. If you like to play poker or belotte, go right ahead, I'm not stopping you.

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So what is the deal with CSR? Here's British Chancellor of the Exchequer Gordon Brown:

Today, corporate social responsibility goes far beyond the old philanthropy of the past — donating money to good causes at the end of the financial year — and is instead an all year round responsibility that companies accept for the environment around them, for the best working practices, for their engagement in their local communities and for their recognition that brand names depend not only on quality, price and uniqueness but on how, cumulatively, they interact with companies' workforce, community and environment. Now we need to move towards a challenging measure of corporate responsibility, where we judge results not just by the input but by its outcomes: the difference we make to the world in which we live, and the contribution we make to poverty reduction.

(Corporate Social Responsibility p.2)

The anonymous author or authors of the government document in which this quote appears have this to say about the 'philosophy' of CSR:

CSR has continued to be a highly topical and debated subject. It has increasingly provided the focus for exploration of broad philosophical questions about the roles and responsibilities of companies and their relationship with the roles and responsibilities of government and other stakeholders. But it has also provided the context for debate about more particular questions from employee volunteering, to health concerns about mobile phones, world trade rules, poverty eradication and AIDS. Does this mean that CSR risks being about everything and nothing?

Although debate about CSR has continued to grow, we remain a long way from consensus on what it means and its value. Some suggest that it is just about glossy reports and public relations. Some see it as a source of business opportunity and improved competitiveness. Some see it as no more than sound business practice. Others see it as a distraction or threat. Is it a framework for across the board regulation of all of the relationships between business and the rest of society, nationally and globally? Is it just about the activities of North American and European multinationals in developing countries? Is it relevant and useful to companies of all sizes no matter where they are based and operate? Lively debate will continue on these and many other questions.

(Corporate Social Responsibility p.6)

As a technique for reading philosophical texts, it is good practice to take every question or implied question seriously as a question and not assume that it is being asked rhetorically. I remember one of my lecturers telling me that what made Kant such a great philosopher is that 'He never asks rhetorical questions'. But I think that we should apply the same approach to the writings of ordinary mortals. Let's see how this works.

'Does this mean that CSR risks being about everything and nothing?' — The implication here is that a description which applies everywhere or to everything is vacuous. If every concern that one might raise relating to how companies are run comes under the heading of 'corporate social responsibility' then none do.

That is a fallacy. There is another explanation in this case. We are dealing here with a fundamental philosophical question. Just as one can ask, 'Why should I be moral?' or 'What does being moral require?' in the context of an investigation into moral philosophy, so one can ask, 'What kinds of action can companies be held ethically responsible for, and why should they care?' In other words, the whole point of this question lies in its *generality*.

Let's continue with our reading.

'Some suggest that it is just about glossy reports and public relations.' — In *Philosophy for Business Issue 4* David Gold reports:

I recently was the lead speaker for the motion, 'This house believes that Corporate Social Responsibility is a PR fig-leaf.' This was held at the Institute of Directors. We narrowly won!

I started off believing that CSR was a good thing, however the limited formal and informal research that I conducted brought me to the conclusion in complete support of the motion. So much of what companies do as good corporate citizens is aimed at improving reputation and gaining market share.

Does the interest in 'improving reputation and gaining market share' mean that CSR is no more than a 'PR fig-leaf'? Not if the authors of this report are to be believed. It could almost have been drafted as a reply to the Institute of Directors debate. One of the propositions which the report seeks to demonstrate is that it is perfectly OK to pursue CSR for self-interested reasons. However, that implies that your commitment to CSR goes beyond the narrowly selfish concern merely to appear socially responsible by cynically going through the motions and making up a PR song and dance about it.

'Some see it as a source of business opportunity and improved competitiveness.' — The business opportunity in question is the opportunity to corner the marketplace in ethically aware products, or more generally to gain a reputation for social responsibility which has some positive market value. The question that the Institute of Directors debate posed is why make the extra effort to go for the real thing, if you can put up a convincing facade?

'Some see it as no more than sound business practice.' — What does the term 'sound'

mean in this context? Isn't this just a label for something we approve of? Or do they just mean a well run business? The Nazi death camps were well run.

'Others see it as a distraction or threat.' — To my sensitive ear, the rhetoric is beginning to creep in here. Notice how the authors of the report seem to gain specious credibility for their case by implying that anyone who disagrees with them either feels 'threatened' in some way, or has their eyes too narrowly focused on immediate goals to tolerate external 'distraction'.

'Is it a framework for across the board regulation of all of the relationships between business and the rest of society, nationally and globally?' — Here, we come to the core of the Government's case. The very definition of CSR implies freedom from 'regulation':

We see CSR as the voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society

(What is CSR?)

Repeatedly, the report stresses the impracticability of legislation, the need for a voluntary approach. But little argument is offered for this. And why should any be needed, given the above definition?!

Finally, 'Is it just about the activities of North American and European multinationals in developing countries? Is it relevant and useful to companies of all sizes no matter where they are based and operate?' — Rhetoric. The answer to the first question is, No. The answer to the second question is, Yes. On these questions, as far as the authors of the report are concerned, there is no room for debate.

So we see that the view of the UK government, insofar as it has a philosophical position, is essentially an appeal to our better nature combined with a tempting appeal to self-interest. 'As good corporate citizens, you really ought to be concerned with CSR, and, guess what, your company will reap the benefits too!'

I feel like saying: two arguments are worse than one. You put forward argument A, then, realising that A doesn't really convince, you back up your case with argument B. But argument B, insofar as it carries conviction, assumes the complete opposite of argument A. Are we going in for CSR out of self-interest or altruism? Which is it to be?

A full appreciation of your wider self-interest may lead you to take some tough decisions in sacrificing short-term benefits, but at the end of the day you are not going to take any action that leaves you worse off than you were before. There are considerable benefits in being perceived to be concerned with CSR. But that is all.

But here's a funny paradox: wobbly arguments can make good *politics*. What companies fear more than anything else is losing ground against their competitors. It would be OK if everyone did CSR. The problem comes if I do CSR and my competitor doesn't.

This is the familiar prisoners' dilemma. There is no rational solution to the prisoners'

dilemma. Following reason, everyone is guaranteed worse off. That is why, at some point, trust has got to come in. You take an action and trust that the others will keep in step and not take advantage. One tried and tested way of achieving this is *propaganda* — if you can get people to believe it.

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That is not a very satisfactory outcome. As a philosopher, I am not happy about promoting propaganda. I am even less happy with the thought that that's all my case for CSR amounts to. I would like to try for something better. So my question, once again, is: Why be concerned with doing CSR *in reality* if the benefits accrue equally to merely *appearing* to be concerned about CSR?

This is the crux of the philosophical debate, which raises an issue first illustrated by Plato in the *Republic* in his famous story of the Myth of Gyges. Would you still be moral, if you had a magical ring of invisibility which enabled you to do whatever you liked, and still maintain your reputation as a fine, upstanding citizen?

Plato's response, in essence, is that it is in our own interest to be moral because the immoral man has a *disordered soul*. People who lie and cheat their way through life, who betray their friends for personal gain cannot attain true happiness. Such a life is a perpetual false facade, your only comfort sensual gratification and material possessions.

One could argue about that. But what would the head of a corporation say, if you put Plato's question? 'We don't want to be happy. We just want to make a profit!' Businesses which don't make a profit, or don't make enough profit, don't survive. Whatever you do, *don't neglect the bottom line*.

In reply, it is tempting to deploy the following specious argument. 'Of course the bottom line is important, but you need to distinguish between short-term and long-term gain. In the short term, 'take your profit while you can' may be good advice, but this might be less prudent when seen in the long term.' — There's a lethal response to this. The best long-term investment is to make a series of highly profitable short-term investments, each time getting out before things go pear shaped. If you sit around and wait for the long term, it might never come.

Here I will just make an observation. One of the more depressing aspects of the psychology of business people, is their fixation on the idea that if you are not pushing all the time to make the maximum profit, your competition will catch up with you and you will go under. The image that comes most readily to mind is the shark, which 'must keep swimming or die'. Like all fixations, there is an element of truth. There are markets where companies struggle to keep alive against intense competition. But one has to ask: why choose to trade in an over-crowded market in the first place? What is the benefit? It can't just be the profit motive. I strongly suspect that the individuals concerned crave the excitement and thrill of competition just as much as they desire wealth.

Maybe a version of Plato's approach can be made to work. But that requires a far more radical re-thinking of why we play the business game, what our ultimate motivations are. Can a company have a 'disordered soul' and why should that matter? I'll leave that for you to ponder.

I started off opposing ethical dialogue to the business arena. But that doesn't quite make sense. Ethical dialogue, if it is to be opposed to anything, must be opposed to some other form of *dialogue*.

We have already seen one example of non-ethical dialogue: the words and actions of the poker player. In a poker game, words are tools designed to cause the appropriate effect. Translated into the real world, what that means is that your statement is not a thought expressed in words intended to capture truth, but only a lever which you pull or push for the appropriate effect. People are not people, but parts of a machine which either produces the results you want or not, depending on how skilfully you manipulate the levers.

Is there any alternative? I think there is.

Out there in the world, people make their concerns known. They may be your employees, or your customers, or your trading partners — or your local community, or environmental pressure groups, or representatives of the different religious faiths. In CSR-speak, a new word has appeared in the English language, 'stakeholder', which clumsily attempts to capture this seam-burstingly broad idea. (In a quick poll, I found that most of the people I asked didn't know the difference between 'stakeholder' and 'shareholder', raising the strong suspicion that the similarity between the two words is a deliberate ploy.)

Let me say something blindingly obvious: in business, just as in the world outside business, we negotiate. That means saying what you think, listening and being heard. That much business negotiation has in common with ethical dialogue. Only the aim is different. It is understood in business that you are *fighting for your corner*, as you have the right and necessity to do. It's the same whether you are a corporation or a pressure group. In the business arena we are all chauvinists.

How you negotiate a path through this minefield will depend very much on your company philosophy, on the things that are important to you. Survival is pretty important, no-one doubts that. But unless you are on the ropes, other things will be uppermost in your mind. You want to do well, in terms that you have defined as having particular saliency from your unique company perspective. All the things we listed before, all the ways in which businesses and business people compete, are relevant here.

If I am right about Nietzsche's will to power, if it is competition and displaying prowess which ultimately makes the business world go round, why not start a competition at who can be the best at CSR? To be sure, it would take something highly imaginative to make this work, but in business people get paid to have imaginative ideas.

Let's say that you open up a new factory in a deprived area, providing much needed economic benefits to the local community. That's a fine thing to do, but the motive wasn't altruism. Labour will be in plentiful supply, you can count on generous incentives from the government. However, it occurs to you that you could still do more. Other companies have built factories in deprived areas and shown similar results. You can go one better. You can transform the town into a thriving cultural

centre. Build an art gallery, or a sports stadium. That puts your competitors on the back foot. They can try to even the score. — Or get one up on you.

Here's an observation which few would disagree with. Human beings are influenced powerfully by example. If you can persuade just one company to practice CSR — it doesn't matter how — then that provides a strong incentive for other companies to follow suit. In this respect, there is no difference between the psychology of companies or individuals. Set a good example, and others will follow. For anyone concerned to promote CSR, this suggests the government strategy of targeting companies who are most likely to be amenable and persuading them with generous incentives. — Just light the touch paper, then retire.

I expect there will be those who will tell me that this is 'nonsense from an economic point of view'. I'm not impressed. The behaviour of the poker or belotte player in business is just as much a copycat phenomenon as the ideas sketched here. And — if the reports are to be believed — there is a case for saying that the fireworks have already started. It is happening now.

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